

**RULES
OF
TENNESSEE STATE OIL AND GAS BOARD
STATEWIDE ORDER NO. 2
PRODUCTION**

**CHAPTER 1040-4-2
PROCEDURES AND EQUIPMENT
FOR METERING, MEASURING AND PRODUCING OIL
CONDENSATE AND GAS**

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1040-4-2-.01 GAS/OIL RATIOS EQUIPMENT. All leases are to be so equipped as to permit the determination of gas/oil ratios on individual flowing and gas-lift wells. Gas/oil ratio data on all wells shall be available to the Supervisor at all times.

Authority: T.C.A. §§60-104. Administrative History: Original rule was certified May 24 1974.

1040-4-2-.02 GAUGING. Each lease shall be provided with sufficient tankage and/or meters to permit proper gauging of the oil/condensate and gas produced. The tanks or meters must be identified by a sign showing the ownership of the tanks or meters and the name of the lease from which the oil/condensate or gas is being produced. In no case shall meters be the sole means of measuring oil runs from any field. There must be used at least one gauge tank to check the readings of oil and condensate meters.

Authority: T.C.A. §§60-104. Administrative History: Original rule was certified May 24, 1974. Amendment filed July 25, 2005; effective October 8, 2005.

1040-4-2-.03 TESTING. All oil tendered to any transportation system shall be gauged and tested for Basic S & W and temperature. For each and every transfer of oil from the lease tanks the number of the "on-seal" observed temperature and the percent of B.S. & W. shall be recorded on each and every run ticket, and the producer and purchaser of any transfer of oil from lease tanks shall receive a copy of the run or delivery ticket or tickets.

Authority: T.C.A. §§60-104. Administrative History: Original rule was certified May 24, 1974.

1040-4-2-.04 IMPROPER TRANSFER. There shall not be any simultaneous movement of oil into and out of any tank that is being used for delivering oil to a gatherer or transporter. Transfer of oil or gas from the possession of one lease to the possession of another lease, except when properly accounted for, is hereby prohibited. The possession of improper mechanical means for transferring oil from one lease tank or well to the lease tank or well of another lease is hereby prohibited.

Authority: T.C.A. §§60-104. Administrative History: Original rule was certified May 24, 1974.

1040-4-2-.05 LEASE TANK OUTLETS. All pipeline outlets from lease tanks shall be kept sealed at all times except when a pipeline is being made from the tank, and the number of the "on-seal" and "off-seal" shall be recorded on each and every run ticket. Additionally, all pipeline outlets from lease tanks shall be made secure to prevent the unauthorized discharge or transfer of oil.

(Rule 1040-4-2-.05, continued)

Authority: T.C.A. §§60-104, 60-1-202 and 60-1-204. **Administrative History:** Original rule was certified May 24, 1974. Amendment filed July 1, 1987; effective August 21, 1987.

1040-4-2-.06 BLEED-OFF LINES. B.S. & W. bleed-off lines of lease tanks shall be sealed or locked at the time any pipeline run is being made.

Authority: T.C.A. §§60-104. **Administrative History:** Original rule was certified May 24, 1974.

1040-4-2-.07 COMMINGLING PROHIBITED. Oil produced from separately owned leases, not pooled, unitized, or consolidated shall not be commingled in lease tanks except as hereinafter provided for in this order.

Authority: T.C.A. §§60-104. **Administrative History:** Original rule was certified May 24, 1974.

1040-4-2-.08 REQUIRED TEST LINES. All leases having more than one producing well shall be equipped with a test line, so as to obviate the necessity of shutting in wells when taking individual well tests.

Authority: T.C.A. §§60-104. **Administrative History:** Original rule was certified May 24, 1974.

1040-4-2-.09 REPEALED

Authority: T.C.A. §§60-104. **Administrative History:** Original rule was certified May 24, 1974. Repeal filed July 25, 2005; effective October 8, 2005.

1040-4-2-.10 REPEALED.

Authority: T.C.A. §§60-104. **Administrative History:** Original rule was certified May 24, 1974. Repeal filed July 25, 2005; effective October 8, 2005.

1040-4-2-.11 REPEALED.

Authority: T.C.A. §§60-104. **Administrative History:** Original rule was certified May 24, 1974. Repeal filed July 25, 2005; effective October 8, 2005.

1040-4-2-.12 REPEALED.

Authority: T.C.A. §§60-104. **Administrative History:** Original rule was certified May 24, 1974. Repeal filed July 25, 2005; effective October 8, 2005.

1040-4-2-.13 BASIC ORIFICE COEFFICIENTS. Basic orifice coefficients used in the calculation of gas flow shall be those contained in the American Gas Association's Gas Measurement Committee Report No. 3 or some other basic orifice coefficients generally accepted in the industry and approved by the Oil and Gas Board, such as those published by the Foxboro Company, American Meter Company, and Pittsburg Equitable Meter Company. Corrections for base pressure and base temperature shall be made. Corrections for supercompressibility are recommended when available. Corrections for Reynolds number and expansion factor are recommended only in cases where their combined correction is equal to or exceeds one percent (1%).

Authority: T.C.A. §§60-104. **Administrative History:** Original rule was certified May 24, 1974.

1040-4-2-.14 PITOT TUBES. Gas measurements with Pitot Tubes shall be based on Reid's formula and shall follow recommendations similar to those set forth in Appendix 4 of the Bureau of Mines Monograph 7. Corrections for base pressure and base temperature shall be made as in orifice measurements.

(Rule 1040-4-2-.14, continued)

Authority: T.C.A. §§60-104. **Administrative History:** Original rule was certified May 24, 1974.

1040-4-2-.15 GAS MEASUREMENTS. Gas measurements with orifice well tests shall follow recommendations similar to those set forth in Bulletin No. E-7 of the American Meter Company. Corrections for base pressure and base temperature and gravity shall be made as in orifice measurements.

Authority: T.C.A. §§60-104. **Administrative History:** Original rule was certified May 24, 1974.